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1945 AN EPOCHAL YEAR



AMERICAN FEDERATION OF LABOR
WILLIAM GREEN GEORGE MEANY
President Secretary-Treasurer

J-27400

FOREWORD

OWING to the lapse of two years between conventions of the American Federation of Labor, the Executive Council directed the preparation of a bulletin summarizing events of the past year.

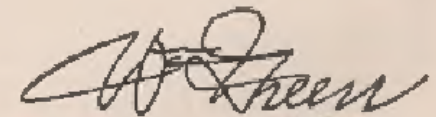
VE and VJ Days ended military combat and ushered in the period of reorganization of enemy countries, peace-making, and the establishment of international agencies to avert future wars.

On the domestic front we are in the midst of reconversion of production facilities to peacetime production with readjustment of government agencies and relaxation of wartime controls.

This period of reconverting our economy and participation in international agencies in the hope of securing a permanent peace, is one that challenges our best thought and ability. The economic future of the whole world depends upon our ability to get production under way. American Federation of Labor unions are loyally cooperating in plans for the common welfare of all. We have accepted price controls as necessary to protect us against inflation and directed our negotiations of wage increases within the limits fixed by controlled prices. We realize that price increases may checkmate wage increases without real betterment to workers. We have learned that union gains in prestige and in better working conditions are equally as important as wage increases. Unions win and maintain prestige and authority by dependability and good faith in dealings and by the breadth of their vision in formulating policies. Unions with such practices will move steadily toward new objectives and new responsibilities.

As we go through the shift from government controls to the controls of a price system in free enterprise, the more quickly and surely we move to high levels of peacetime production, the more effectively we shall win our fight against inflation.

January, 1946.



President,
A. F. of L.

1945—AN EPOCHAL YEAR

THIS has been a year of epoch-making events—the end of war on the European and Japanese fronts and the atomic bomb. The atomic bomb is the most revolutionary discovery in the world's technical history.

Since the atomic bomb brought the Japanese war suddenly to an end, our concern has been with the problems of adjustment to peacetime needs. The implications of the atomic age dominate international affairs as well as long-time industrial planning.

By the first of this year we had passed the peak of war production problems and adequate supplies were assured even though models continued to change. Total gross national production had increased from \$88.6 billion in 1939 to \$194 billion in 1945, with a complete stoppage in production of consumers durable goods and substantial limitation of all consumers goods. Approximately 11 million able-bodied men had been transferred from the civilian labor force to the armed services. Recruitment for the work force brought workers from groups not customarily in our labor market—those who had retired, those of school age, handicapped persons and foreign labor. In spite of manpower difficulties we were able to meet war production requirements and civilian necessities by imposing only voluntary manpower controls. Unions took the initiative by pledging themselves to forego strikes during the war. Through our representatives in the War Manpower Administration, we agreed to restrictions on our right to change our jobs and to accept assignments to jobs with greater priority. Those inclined to be skeptical of the practicability of the democratic procedure, should study the problems and achievements of voluntary methods used in Manpower.

On August 18 and later on October 30, the President issued Executive Orders to guide the war agencies during the transition to a free economy. With the ending of the war in Europe, manpower tensions were eased so that VJ Day ended the need for all controls. The War Manpower Commission was the first war agency to lift controls and liquidate its organization. However, due to our international commitments, demobilization of our military forces cannot be completed for some time—50 per cent demobilization was planned for the first of 1946.

The second major war agency to end its work was the War Production Board. With cancellation of war contracts and elimination of controls over war materials, the way was cleared for reconversion of production facilities. However, to facilitate price control and to prevent development of bottle-necks, the Civilian Production Administration was set up.

To restrict inflation during the war the Government established the policy of controlled prices for consumer goods reinforced by frozen wage rates. The objective was to prevent price increases by maintaining a stable relation between prices and basic wage rates, letting overtime and various other "fringe" formulas increase total earnings sufficiently to compensate for whatever increases in costs of living had not been prevented. Price controls will continue through June, 1946. Rationing, however, was practically abandoned and rationing machinery abolished.

The danger of inflation from rising costs of production will exist as long as sizeable scarcities in materials prevail—but the fact that higher wage

rates paid workers to compensate for increased productivity are not inflationary should be considered in formulating future policy. As a matter of elemental justice the wage rate should fairly compensate for work done. As productivity increases, unit labor costs decline, and hence tend to lower prices.

For all workers the end of the war was the signal for the end of the National War Labor Board, whose functions were predicated on the no-strike, no-lockout agreement made for the duration of the war.

Preliminary figures show that the Board has adjudicated some 17,800 disputes, which affected the wages, hours and working conditions of approximately 12,000,000 workers. Simultaneously the Board ruled on approximately 412,000 voluntary Form 10 cases involving some 26,000,000 employees.

The process of liquidating the National War Labor Board was begun by President Truman's Order shortly after VJ Day removing all voluntary wage increases for which no price relief was sought, from the jurisdiction of the Board. While technically the Board retained jurisdiction over disputes, actually the limitation of its existence to December 31, 1946, precluded the acceptance of new dispute cases after the termination of the war.

The only remaining wage controls are those required by the Stabilization Act which will continue until June 30, 1946. These controls will be administered by the National Wage Stabilization Board. When collective bargaining does not result in requests for price relief by employers, there will be no governmental wage controls save for the construction industry.

Congress has yet to repeal the Smith-Connally Act with its provisions which facilitate strikes, although it has denied funds to the National Labor Relations Board for the purpose of carrying out this part of the law.

IMPLICATIONS OF WAR EXPERIENCES

Military Domination. During the war our civilian economy produced an amazing output of armaments—in quality and quantity—that constituted the arsenal of the United Nations. This achievement was made unnecessarily difficult by the so-called Battle of Washington—which grew out of failure to define the responsibility of the armed forces to military matters and to place procurement under civilian control. During normal times the Army and Navy performed their own procurement functions. Their orders were small and did not interfere with normal industrial controls. To assure adequate supplies for World War II, whole areas of the civilian economy had to be quickly converted to war production. In addition to letting contracts, raw materials had to be kept available for war production. The National Defense Act of May 31, 1940, authorized priority controls.

There was experimentation with a variety of methods of organization until the War Production Board was created by Executive Order under the President's wartime powers, January 16, 1942. The Order gave the Director General power over procurement but without modifying the powers under which the procurement agencies were operating. The result was that the War and Navy Departments and the Shipping Administration by their procurement authority extended their domination over the civilian economy.

Under the authority established by legislation, the chief direct controls have been directives and regulations of the War Production Board, the Office of Price Administration, the War Manpower Commission, the Office of Defense Transportation and the War Labor Board. The duties of these agencies were

necessarily interrelated and were coordinated finally under authority granted by Congress to the Office of War Mobilization and Reconversion. Regulations of the War Labor Board controlled conditions of work and rates of pay. Those of the War Manpower Commission were concerned with the mobilization and transfer of civilian manpower. The Office of Defense Transportation controlled domestic carriers. Orders of the Office of Price Administration dealt with the prices of goods and services and their equitable distribution through rationing. Regulations of the War Production Board had to do with the programming of production, control of basic and scarce raw materials, limitation on the production of certain non-essential commodities or on the use of certain material, restriction on the use of facilities, and the issuance of priorities and allocations.

In the latter part of 1942 the War Production Board established its Controlled Materials Plan to distribute the available supplies of controlled materials among the various claimant agencies. These agencies consisted of the War Department, Navy Department, Maritime Commission, Aircraft Scheduling Unit (agent for Army Air Forces and Bureau of Aeronautics), Foreign Economic Administration (agent for foreign countries) and Office of Civilian Requirements (in the War Production Board).

The Controlled Materials Plan applied only to steel, copper and aluminum. However, the largest part of military and civilian production depends on these materials. The Plan was a system for estimating the quantity of scarce materials available, and for allocating to the claimant agencies against that quantity. Each claimant agency submitted its list of requirements in advance for a given quarter of the year. The total was then balanced against the supply. If the demand was greater than the supply, each agency was requested to screen its requirements and to eliminate those which were the least necessary.

Programming of production meant the predetermination by the War Production Board as to what quantity of the end product would be made by a given industry, during a given time, usually a quarter, with due consideration to the productive capacity of that industry. Then the Office of Civilian Requirements, War Department, Office of Defense Transportation, or other claimant agency, filed application under the Controlled Materials Plan for its requirements. Usually each firm in the industry was allotted a certain quota of production, worked out on a formula based on the relationship between its pre-war production and total production in that industry. The War Production Board assumed the responsibility for supplying to those firms the necessary materials and components to make the end products. If needed, priorities were given for either materials or components, or for both. Both military and essential non-military products were programmed.

Limitation and Materials Orders provided further control. Under the Limitation Order, production of a given commodity was limited or forbidden entirely. Under the Materials Order, the use of a given scarce material to produce certain goods, such as luxury or non-essential commodities, was prohibited.

However, contract negotiation remained in the hands of the military throughout the war. The various civilian agencies which the Administration created to coordinate war organization on the home front, continued to battle for unified control over production for war and home use while the military refused to yield and several times proposed to extend the control base by

compulsory service for civilian workers. As civilian stores and reserves were used up, our economy faced increasingly critical problems with serious consequences. For example, railroads had been denied essential materials for up-keep so that when the strain of deployment with transportation of troops and supplies to the Pacific was put upon them, there was danger of collapse.

This uncontrolled power of procurement in the hands of the military was one of the basic reasons for the authorization of the Office of War Mobilization and Reconstruction, proposed by Senator George and effective October 3, 1944. Coordination is the basic duty of this Office and its director is charged with the responsibility of getting teamwork between all the war agencies.

The Founding Fathers included in the Constitution the principle of civilian control over the country's armed services. It was strongly felt that it would be a menace to democracy to put control of the nation into the hands of the military. History proved then, and it has proved since, that the rights and interests of civilians are disregarded under such control, and that a democratic government of the people, by the people, and for the people, becomes impossible. It was for this reason that such emphasis was placed on embodying in the Constitution the basic democratic principles of civilian control over the military, even to the extent of making the President, a civilian, the Commander-in-Chief of the armed forces.

War Manpower Policies. One war area in which democratic civilian controls were successfully maintained was manpower. The Executive Order authorizing this agency directed employers and workers organizations to appoint an advisory committee consisting of representatives of their organizations to consult with the Chairman of the War Manpower Commission in performing his functions. This type of organization, at every level, brought citizens into the performance of difficult work in a way that resulted in democratic operation and cooperation.

A system was devised for defining industrial areas by groups which represented varying degrees of labor supply. Group I areas were those with a current labor shortage; Group II, those in which a shortage was anticipated within six months; Group III were balanced areas; Group IV, those having surplus. Such designations were based upon requirements as reported by employers. The War Production Board issued its Directive No. 2 which required all procurement agencies to recognize these designations wherever the location of facilities would permit. This policy made it possible to staff the vast war production system.

This basic program was followed:

(1) Allocation of contracts on a basis of labor supply. It required considerable effort and agitation before the procurement services were willing to go along on a policy of allocating production to the communities with a plentiful labor supply as against communities with a labor shortage.

(2) Stabilization of work-force. Employers were required to hire only workers holding statements of availability. To safeguard workers against injustice under this program, regulations were formulated which guaranteed them a statement of availability if discharged; if laid off for seven or more days; if continuance of existing employment involved personal hardship; if employed at wages and under working conditions less than standards set by federal or state law or by the National War Labor Board; if not employed at highest skills. Appeal was provided workers to management-labor tribunals.

(3) Priority referral and employment ceilings. As strategic production

needs developed, priority ratings for workers were assigned them. All hirings were to be done through or by arrangements with the U. S. Employment Service and workers directed in accord with priority ratings. Ceilings limiting number of employees allowed establishments also controlled direction of workers. Workers were protected against arbitrary placement by the right to refuse work on the following grounds: (a) wages and working conditions below those prevailing in the community for similar work; (b) he had a higher skill than the jobs available; (c) he would be required to join or refrain from joining a union.

The success of the program of voluntary controls was a convincing argument against compulsory national service as proposed by the military leaders.

Planning by the War Manpower Commission was supplemented by the work of the Fair Employment Practices Committee which had responsibility for reducing discriminations in employment which prevented most advantageous use of the whole labor force. War manpower scarcities as well as the need for national unity in fighting the war brought efforts to eliminate racial prejudice in the employment of negro workers. This organized effort has already broken down barriers which prevented negroes from making progress on a basis of merit. There was early constructive reconsideration of union practices in this regard. The American Federation of Labor, with its large negro membership first set the standard and has continued to lead in the organization of workers into unions with no discrimination because of race, religion or politics. Unfortunately our wartime policies in dealing with the Japanese within our country have not been equally constructive and have left open chasms for peacetime relations to bridge over.

RECONVERSION PROBLEMS AND POLICIES

Against a background of restrictions on collective bargaining was the repeal of the excess profits tax which with the charge-back privilege constituted a cushion to relieve employers' worries. Congress provided handsomely for industries and veterans in the transition, but refused to provide any aids for wage earners. The tax provisions have even made some production stoppages profitable.

Long in advance of the end of the war the American Federation of Labor asked Congress to provide emergency unemployment compensation for workers, so that they would weather the transition without drawing upon their capital, and to maintain the United States Employment Service as a federal agency fitted to get workers suitable jobs as soon as they were available.

Even after repeated recommendations, Congress refused to make provision to safeguard the interests of workers equally with other interests in the economy and the nation. While federal responsibility with respect to the U. S. Employment Service was lodged in the Department of Labor, after the War Manpower Commission was liquidated, Congress adopted a rider to the \$52 billion rescission bill returning operation of the Employment Service to the states. The President vetoed the bill because he disapproved this decision and because he deemed it unwise to enact legislation by a rider into an appropriation bill. We regard assistance in finding jobs one of the basic services of the Department of Labor which must be organized at the level which will make it most efficient in serving management and workers. Both placement and the administration of unemployment compensation are restricted by state juris-

dictions while industries gear into national and international markets and recruit their work forces through personnel departments reaching into all sections of the country. An efficient employment service which can meet the needs of industry while advancing the welfare of workers must be organized along the lines of our national economy.

Congress made other provisions to help business change over from war to peace production. There had been advance planning for contract cancellation. Most war industries were permitted to accumulate reserves for expansion and retooling of plants. An effort was made to dispose of excess war production without interfering with peacetime production. Business got about its responsibilities with little loss of time. Supply lines are being established.

Reconversion means not only making ready the facilities to produce goods needed by citizens of this country and those nations we supply, but it means the demobilization of persons in the armed services and their absorption into the civilian economy, the migration of workers from centers of war production to localities of expanding civilian production, withdrawal from the labor markets of persons not normally employed and a general shifting back to prewar standards of employment.

One of the special problems of reconversion is the readjustment of veterans into civilian life. Congress has enacted legislation to meet the needs of servicemen in this period of readjustment and rehabilitation for the victims of war injuries. Our national purpose is to enable those citizens who have sacrificed civilian adjustments in order to render service to our country to overcome any handicaps resulting from this cause. We feel it is the duty of the nation to return these citizens as members of our society and our civilian economy, prepared and able to assume their responsibility for their own lives like all other citizens. We believe that everything possible should be done to eliminate handicaps which would prevent veterans from being integrated into normal life. We believe our public and our private agencies should give assistance and encouragement to policies and programs that would tend to minimize or eliminate barriers that might separate veterans from other citizens of our democracy. Our program is outlined in the pamphlet "Veterans Welcome Home!"

Our affiliated organizations have maintained the union status of their members in the armed services, so that they may return to their unions with their rights protected, without interruption or additional expense. This is an important gain, for the union members concerned will thus be kept eligible for valuable union benefits and rights. Our unions also are generally admitting veterans without initiation fees and have expressed willingness to consider array work experience in estimating seniority and trade classification.

The readjustment of veterans will be facilitated or made more difficult in accord with the degree of our success in achieving maximum production and employment.

Collective Bargaining. Workers voluntarily outlawed strikes for the duration of the war. Wage rates were frozen in order to safeguard price controls. Collective bargaining was effectively suspended. The Little Steel Formula partially compensated for increased costs of living. It was supplemented by devices for increasing take-home pay, but the wage rates were no longer related to productivity and capacity of employers to pay. Workers had no share in the huge profits from war production but instead of the reg-

ular increases in their buying power which had characterized 1890-1940, the buying power of the hourly pay went downward—a severe cut which increased with the return to the normal work day and week. In addition the formulas of the National War Labor Board had warped our wage structure by facilitating increases in the lower brackets only, thus reducing the differential between rates for less skilled and highest skilled.

The discretionary power exercised by the Government over wage rates and reliance upon formulas, has developed tendencies that are not wholesome. We need to return to the stabilizing responsibilities of collective bargaining as rapidly as possible so that the income-determining forces within industry can come to a normal balance of wage rates, prices, profits, reserves, etc. Such a balance will be delayed until our normal price system can exercise its control functions.

Total reconversion began with VJ Day and the workers expected return to collective bargaining. Should wage increases result in a request for price increases, the wage increase must have the approval of the National Stabilization Board and the Director of Economic Stabilization. Even within these limitations American Federation of Labor unions resumed negotiations and have been uniformly successful in getting substantial relief. They used successfully well established procedures of collective bargaining.

Labor-Management Conference. When collective bargaining had developed difficulties in two basic industries, which threatened to interfere with plans to provide employment, the President called a Labor-Management Conference. The four most representative organizations of employers and workers appointed representatives to work out an agenda with the Secretary of Labor and the Secretary of Commerce. This committee decided (with the approval of their principals) to put the emphasis on an effort to establish long-time policies which makes possible better human relationships in industry.

The Conference was unanimous in its recommendations to strengthen the machinery of collective bargaining and in rejecting the principle of compulsion. Collective bargaining was accepted as the right of workers which entailed upon both parties the duty of negotiating in good faith. If negotiations fail of results, then conciliators should be brought in, with final resort to arbitration. The Conference recommended that specific provisions for these steps be written into agreements. It further urged reorganization and improvement of the Conciliation Service of the Department of Labor. This service has suffered in the general deterioration of the Department of Labor during the war. A well-organized, well-manned service is essential to industrial peace.

Collective bargaining like all other contracts relies upon the principle of mutual consent. Negotiation of contracts proceeds by the submission of facts by the two parties and by reaching agreement on the meaning of the facts. The value of the procedure and the contract is in proportion to the good faith on both sides in loyally carrying out its provisions. Every contract should prescribe the ways and means of settling misunderstandings arising under it. Stoppages of production are usually forbidden while a contract is in effect. Effective machinery, operating freely, greatly reduces stoppages in production, for such arrangements promote discipline and use of factual presentation instead of force. Confidence in such machinery emerges from experience.

Two proposals before the Conference were strongly advocated by some

employers; fact-finding boards, and requirement of bonds from union officials as guarantee of fulfillment of contracts.

With regard to fact-finding boards it is obvious that this method does not have the same element of responsibility that results from negotiation between the parties concerned. Neither can it reach decisions with the same sureness as can management and workers with daily work experience in an establishment.

The most effective time for fact-finding is before a crisis develops. The better the facts submitted in negotiations the less likelihood of industrial stoppages. If a political alternative to negotiations is available, one or both parties may hope to gain advantage by taking the dispute into politics. Legislation authorizing fact-finding by an agency outside the company concerned should be applicable only when the health or the safety of the nation is involved.

Fulfillment of contracts depends upon good faith and ethical standards of the persons signing them. Bonding is usually applicable to persons handling funds in trust and does not guarantee the motives of individuals. It would in no way influence the mainsprings to fulfillment of contracts and could not financially compensate management for the costs of work stoppages. It would merely register suspicion on the part of the employer and would retard good faith in collective bargaining.

The Conference in addition to these specific recommendations to improve our voluntary institutions, suggested that a continuing committee be created to study ways to improve labor relations and to make recommendations thereon.

However, the unexpected action of the President requesting Congressional action to authorize independent fact-finding boards for all kinds of production stoppages, precipitated another struggle to defend our free enterprise system which guarantees industrial freedom.

A. F. of L. Program. Our controlling objective must always be personal freedom. Our institutions have evolved in accord with our basic law—the Constitution of the United States—which assures all citizens personal rights with the responsibility of ordering their own lives. The American Federation of Labor maintains that political freedom has its roots in economic freedom which is a key to freedom of decision. Our government exists to protect our rights and to serve our citizens—not to control their lives.

To better promote their welfare, our Government assures all the right of association in voluntary organizations.

The American Federation of Labor holds that national welfare depends upon the welfare of all component groups and is best promoted by informed organized cooperation between groups concerned in specific projects.

All personal and group rights involve a responsibility to use them to promote personal and group welfare as an integral part of the public welfare.

With acceptance of the right of wage earners to organize in unions for the purposes of collective bargaining and the promotion of their welfare, comes opportunity for the development of constructive relations with management and efforts for mutual progress. Experience develops understanding and discipline—two qualities invaluable in crisis.

So when the President issued his Executive Orders restricting collective bargaining within the price limits fixed to control inflation, American Federation of Labor unions for the most part recognized that the regulation was to

protect the purchasing value of their incomes as well as those of other citizens, and negotiated their wage increases accordingly. Strikes were not numerous nor were they of the nature of revolts. American Federation of Labor unions have learned to weigh the costs of strikes against accepting less than they want with the maintenance of union strength and discipline.

The American Federation of Labor believes that the efforts in this transition period should be guided by goals which will assure the best interests of all people. If our union demands are such as to establish political domination of our economy, the speed of our progress would jeopardize its permanence. Our economic welfare is best furthered through the free enterprise system which assures individual freedom and responsibility and reaches its highest development through the cooperation of all concerned. Our institutions including the unions must serve the welfare of the nation and with equal care preserve opportunity for individual development and personal freedom of action. For realizing our goals we should utilize both private and public agencies depending upon the kind of service needed.

The experiences of war production have demonstrated the capacity of our production facilities and the way in which scientific research can be used to promote national welfare and strength. These experiences justify our demand that every person able to work and seeking an opportunity to earn his living, has a right to a job. We believe it is the joint responsibility of management and unions to cooperate in establishing a balanced economy that can maintain maximum levels of production affording maximum employment at rates of pay that will enable workers and all others to have maximum standards of living. The standards of living of each family are conditioned by the home. Comfortable homes with good surroundings should be available for all and slums abolished. Home ownership should be facilitated for those who wish to own their own homes. Cooperative arrangements are a key to this objective.

As we gather momentum for production at this level we look to the Government for these aids:

1. The necessary basic economic statistics to enable us to gauge the results of known policies.
2. A shelf of public works ready to get into operation.
3. A federal housing program.
4. Equal and adequate educational opportunities for all throughout life.
5. Provision for adequate scientific research including the social sciences and the training of scientists.

Implicit in such a program is cooperation between unions and management to increase output per manhour and to decrease production costs. Management should provide workers with production and costs records as the basis for this cooperation and be ready to make accumulated records the basis for collective bargaining. Workers shall be fairly compensated in the light of these facts. Collective bargaining is the key to fair distribution of returns from joint work among those who contribute to the production undertaking—stockholders, management, producing workers, and adequate reserves for continuous technical progress.

Our basic objective is maintenance of our free enterprise system as the keystone of human freedom. Our immediate responsibility is maintenance of a free trade union movement as an essential component of free enterprise.

As an essential supplement to efforts to provide maximum production and employment for all able to work and seeking employment, we should have adequate social insurance for emergencies which prevent income earning.

Social Insurance. In an economy based on private ownership, income is essential to the maintenance of life itself. For the great majority of people who rely completely on current income anything that interferes with the earning of income is a major catastrophe. The common causes of such interruption are loss of job and physical incapacity due to acute illness, organic weakness or handicaps, accidents and old age. Social insurance is one of the forces in maintaining production at maximum levels. Workers' earned insurance rights, which are related to earnings, should not be confused with public assistance. Public assistance represents the responsibility of society for those who have not been able to establish insurance rights. Legislation providing social insurance can assure income during such emergencies and thus prevent irreparable damage to human beings through demoralization and warping of personality.

The American Federation of Labor believes we should build upon Old Age and Survivors' Insurance and add insurance for the other emergencies that interrupt income earning. Employers' and workers' contributions supplemented by funds from the Treasury when necessary would provide what in effect would be deferred wages—paid during the emergencies. Such benefits should be an assured right of workers of the nation.

Insurance should be paralleled by a national health program implemented by adequate medical facilities and services.

The long-time program of the Federation includes legislation along these lines:

To improve old age and survivors' insurance and extend its coverage to all workers; extend social insurance to provide income during other emergencies due to physical disability, and to make available adequate health facilities and services.

OFFICIAL RECORD

Upon the death of Edward Flore, tenth vice-president, David Dubinsky, President of the International Ladies' Garment Workers' Union, was appointed to the Executive Council.

The International Association of Machinists was suspended for failure to fulfill its obligation to pay dues. This automatically removed the president of this organization from the Executive Council. John L. Lewis, President of the United Mine Workers of America, which organization had become reaffiliated to the American Federation of Labor, has been appointed to fill this vacancy.

The Office Employees International Union was chartered on January 8, 1945.

The Trades and Labor Congress of Canada was authorized to charter central labor unions in Canada.

The Metal Trades, Building and Construction Trades, the Railway Employees and Union Label Trades Departments continue to promote the joint interests of member organizations.

The Government Employees Council was organized April 11, 1945, to promote the interests of government employees as a group.

Progress in union activity was reported in the outpost possessions of the

United States—Alaska and Hawaii. In Puerto Rico a rival organization has developed.

TRADE UNION BENEFITS

Total benefit expenditures for 1945 amounted to \$23,562,793.16.

Recapitulation	
Death benefits	\$9,940,265.75
Sick benefits	1,687,792.15
Unemployment benefits	109,939.52
Old Age benefits	6,747,416.11
Disability benefits	231,452.00
Miscellaneous benefits	4,845,927.63
Total	\$23,562,793.16

SECRETARY-TREASURER'S REPORT

The following is a report of the receipts and expenses for the past 12 months, beginning September 1, 1944, and ending August 31, 1945.

At the close of the fiscal year there was a balance on hand of \$2,087,021.48. Of this total, \$1,862,784.50 is in the defense fund for the local trade and federal labor unions and the balance, \$224,236.98, is in the general fund.

The total receipts from all sources, \$2,407,731.86; the total expenses, \$2,370,401.35. Amount of receipts over expenses, \$37,330.51.

The following are the receipts and expenses for the 12 months ending August 31, 1945:

RECEIPTS	
Balance on hand August 31, 1944	\$2,049,690.97
Per capita tax	\$1,418,849.55
Paid subscriptions, American Federationist	1,836.26
Per capita tax subscriptions, American Federationist	476,752.10
Per capita tax from locals allocated to Defense Fund	270,185.55
Initiation fees	142,550.27
Reinstatement fees	6,448.02
Supplies	15,954.21
Interest	32,366.25
Premiums on bonds of officers of unions bonded through the A. F. of L.	23,635.67
Disbanded and suspended unions and miscellaneous receipts	19,153.98
Total receipts	\$2,407,731.86
Grand total	\$4,457,422.83

EXPENSES	
Organizing expenses	\$902,010.34
Organizers' salaries	645,265.14
Office employees' salaries	250,878.72
Administrative salaries	67,400.00
Miscellaneous general bills	354,722.70
Defense Fund	11,060.00
Printing and publishing American Federationist	119,008.95
Premiums on bonds of officers of unions bonded through the A. F. of L.	20,055.50
Total expenses	\$2,370,401.35
Balance on hand August 31, 1945	\$2,087,021.48

RECAPITULATION

In General Fund	\$224,236.98
In Defense Fund	1,862,784.50
Balance on hand August 31, 1945	<u>\$2,087,021.48</u>

The membership of the A. F. of L. as of August 31, 1945, was 6,931,221.

NATIONAL LEGISLATION

The legislative activities of the American Federation of Labor are in the forefront of its vital functions. Laws enacted at its insistence have not only supplemented the economic strength of its affiliates and aided them in collective bargaining and organizing, but in some industries such as steel, oil, autos, etc., without the enactment of such laws as the Norris-LaGuardia Act, Anti-Injunction Act, and the National Labor Relations Act, organizing and collective bargaining would have made little, if any, progress.

In the national legislative field we have carefully scrutinized, in order to protect Labor's interests, the several thousand bills and resolutions submitted in the two Houses of Congress, since the 1944 convention. Much of our activities have been to prevent the passage of obnoxious legislation and we opposed the following proposals:

Approximately two hundred anti-Labor bills, only one of which became law—the Smith-Connally Act, Public Law No. 89, 78th Congress.

The conscription of labor, which passed the House and which we defeated in the Senate.

The Gwynne Bill amending Title 28 of the U. S. Code in regard to limitation of certain actions concerning time limit on making claims for back pay, etc.

A large number of immigration bills designed to open wide the immigration doors.

Peacetime military training and the conscription of nurses.

We defeated an amendment designed to speed up the workers in U. S. Navy Yards which was attached to an appropriation bill, and opposed the tax on oleomargarine.

The bills exempting insurance companies from Anti-Injunction, National Labor Relations and other Acts beneficial to Labor.

We supported legislation and secured increases for all postal employees and Federal employees in the classified service and are at present engaged in supporting legislation further increasing the pay of both of these classes of employees.

We secured wage increases for the District of Columbia police, firemen and teachers and we are now supporting legislation further increasing their salaries.

We also supported legislation extending price control; the railroad retirement amendments; reconversion statistics; seamen's aid; the correction of seamen's income tax; for seniority in the Navy Yard; for amendments to the Social Security Act; the National Health Bill; the Un-American Committee which was made a standing committee of the House; Federal aid to education; Federal aid to airports; Federal aid to roads; Federal aid to rivers and harbors; the anti-lynching bill; the anti-poll tax bill; the Fair Employment

Practice Committee; the United Nations Organization; the Bretton Woods Agreement; the loan to Britain; legislation beneficial to children and women, and the furnishing of school children's lunches; pay increases and retirement for members of Congress; legislation designed to better the retirement acts for Federal employees—exempt their annuities from taxation; for the establishment of a wage board for Federal employees; repeal of the Hatch Act; Federal employees' health program; Federal employees' unemployment benefits; unemployment benefits for those employed in private industry to aid reconversion; the full employment legislation; housing; legislation to aid the physically handicapped; the 65-cent minimum wage bill in private industry; the Missouri Valley Authority; amendments bettering TVA; the amendment to the National Labor Relations Act known as the Frey Rider.

We secured the reenactment of the McCarran Amendment to both War Department bills and the Navy Department appropriation bills, and supported bills liberalizing retirement for Canal Zone employees. We carefully scrutinized all appropriation bills, including supplemental and deficiency appropriations in order to make certain that all activities of Government of a beneficial nature to Labor be furnished ample funds to perform their functions. We supported all legislation favorable to those who served in our armed forces.

On January 14, 1946, the President submitted a 21-point legislative program to the Congress. His program is as follows:

(1) Legislation to authorize the President to create fact-finding boards for the prevention of stoppages of work in nation-wide industries after collective bargaining and conciliation and voluntary arbitration have failed—as recommended on December 3, 1945.

(2) Enactment of a satisfactory full-employment bill such as the Senate bill now in conference between the Senate and the House—as recommended on September 6, 1945.

(3) Legislation to supplement the unemployment insurance benefits for unemployed workers now provided by the different states—as recommended on May 28, 1945.

(4) Adoption of a permanent Fair Employment Practice Act—as recommended on September 6, 1945.

(5) Legislation substantially raising the amount of minimum wages now provided by law—as recommended on September 6, 1945.

(6) Legislation providing for a comprehensive program for scientific research—as recommended on September 6, 1945.

(7) Legislation enacting a health and medical-care program—as recommended on November 19, 1945.

(8) Legislation adopting the program of universal training—as recommended on October 23, 1945.

(9) Legislation providing an adequate salary scale for all Government employees in all branches of the Government—as recommended on September 6, 1945.

(10) Legislation making provision for succession to the Presidency in the event of the death or incapacity or disqualification of the President and Vice-President—as recommended on June 19, 1945.

(11) Legislation for the unification of the armed services—as recommended on December 19, 1945.

(12) Legislation for the domestic use and control of atomic energy—as recommended on October 3, 1945.

(13) Retention of the United States Employment Service in the Federal Government for a period at least up to June 30, 1947—as recommended on September 6, 1945.

(14) Legislation to increase unemployment allowances for veterans in line with increases for civilians—as recommended on September 6, 1945.

(15) Social security coverage for veterans for their period of military service—as recommended on September 6, 1945.

(16) Extension of crop insurance—as recommended on September 6, 1945.

(17) Legislation permitting the sale of ships by the Maritime Commission at home and abroad—as recommended on September 6, 1945, including adequate authority for chartering vessels both here and abroad.

(18) Legislation to take care of the stock-piling of materials in which the United States is naturally deficient—as recommended on September 6, 1945.

(19) Enactment of federal airport legislation—as recommended on September 6, 1945.

(20) Legislation repealing the Johnson Act on foreign loans—as recommended on September 6, 1945.

(21) Legislation for the development of the Great Lakes-St. Lawrence River Basin—as recommended on October 3, 1945.

We found it necessary to oppose proposals 1, 8, 11 and 21.

We have actively supported the other proposals in his message with the exception of numbers 10 and 16.

The country is now experiencing the customary state of unrest with more or less hysteria, which is the natural aftermath of wars and many fantastic legislative proposals are being made especially by those opposed to Labor. We shall continue our efforts to protect the interests of our affiliates and Labor in general and will make a detailed report thereon to the 1946 convention.

STATE LABOR LEGISLATION

Although 44 state legislatures were in regular session in 1945, they failed to pass the kind of labor laws so urgently needed by the workers within their boundaries.

Years ago we accepted the principle that industry should bear the costs of work accidents and yet today because of our antiquated and weak workmen's compensation laws, the injured worker, through wage loss and medical costs, is bearing almost one-half of the financial cost of the accident in addition to all of the human costs.

Twenty-eight states allow employers to choose whether or not they want to have their employees covered by workmen's compensation laws. All states permit so many exemptions that workmen's compensation coverage is denied to millions of workers. Private casualty insurance companies still write all workmen's compensation insurance in 30 states and the District of Columbia. Court administration of workmen's compensation laws still persists in six states, and Mississippi still has no workmen's compensation law of any kind or even a Labor Department to call attention to the tragic effects of work accidents.

Eleven states, largely because of the interest in war veterans, did make provision this year for second-injury funds or similar arrangements for protecting the employment rights and opportunities of disabled workers. This

leaves 16 states in which it will be unnecessarily difficult for injured workers to get jobs:

Alabama	Kentucky	Nebraska	South Dakota
Florida	Louisiana	Nevada	Texas
Georgia	Mississippi	New Hampshire	Vermont
Indiana	Montana	New Mexico	Virginia

Florida was the only new state to adopt general coverage for occupational disease, leaving 31 states continuing to ignore or circumvent the fact that a worker who contracts any kind of a disease due to his job is just as much an industrial casualty as the worker who has a disabling accident on the job.

Bills patterned after the Wagner Industrial Relations Act were introduced in nine states, but only in Connecticut was Labor successful in getting legislation passed.

Bills to protect the health and safety of workers on the job have taken the form of proposals to transfer their administration from the Labor Department to health departments, thus undermining our Labor Departments.

During the year the General Counsel of the Federation in conjunction with state federations of labor, has continued efforts to get outlawed as unconstitutional state legislation attempting to regulate the activities of union officials and unions. Many of these laws seek to prohibit the union shop which is a method by which the union retains responsibility for performance of contract and other disciplinary controls.

Despite the large number of cases arising from these state anti-Labor laws in which the Federation has thus far been engaged, there are a number of court appeals still pending, and more litigation may be expected on those provisions in the laws on which the courts have reversed decision. The Executive Council has directed its General Counsel to prosecute or defend as the circumstances require all cases involving these laws so as to have them invalidated, and to establish precedents which will make it impossible ever again to enact similar laws so destructive of Labor's fundamental rights.

Labor has been on the defensive at the state level as well as the national, against legislation to bring trade union activities under government regulation. Such laws were enacted for Alabama, Florida, Arkansas, Texas, Kansas, Colorado, Idaho and South Dakota. The American Federation of Labor has sought to have these laws invalidated by the courts and thus to establish precedents to afford workers real protection in the exercise of rights. Considerable progress has been made in getting courts to declare portions of these laws invalid and in building up a body of protective judicial decisions.

Two important Federal decisions under anti-trust law make plain that unions may lawfully do things to promote the welfare of members which may be held illegal if done in agreement with employers for the purpose of restraining competition in the marketing of goods. The American Federation of Labor continues its old struggle to establish a distinction between organization which seeks control to protect human rights and organization which seeks control over commodities.

PUBLIC RELATIONS AND EDUCATIONAL WORK

As trade unions become an established national institution and the number of their interests increase, they become a more substantial force in pro-

duction enterprises and it grows increasingly important for the public to understand the aims of unions, why policies are followed, and the constructive achievements of unions. Labor's interests must be integrated with national interests and yet so independently directed that workers progress is in step with all other groups.

As opponents of labor policies make use of the press and radio, the American Federation of Labor has made effective use of the same tools. During 1945 we carried through three radio program series—America United, Builders of Victory and Labor USA or the *American Federationist* of the air.

Our A. F. of L. Weekly News Service serves the daily and labor press. The *American Federationist* and *Labor's Monthly Survey* are the regular publications of the American Federation of Labor designed to serve the informational needs of union members and those interested in labor purposes. These publications are supplemented by special pamphlets.

ADMINISTRATIVE LABOR AGENCIES

Over decades the American Federation of Labor has struggled to formulate clear-cut public policy with respect to the rights of workers to organize to promote their welfare and succeeded in getting the protection afforded by the labor provisions of the Clayton Anti-trust Act and the Norris-LaGuardia Act forbidding use of injunctions curtailing union activity. To this foundation was later added the National Labor Relations Act providing administrative machinery for selecting the bargaining agency in disputed cases. The administrators of this law have frequently interposed their own ideas as to the bargaining agency rather than furnishing ways for workers to register freely their wishes. We hope administration will be increasingly responsive to workers' wishes and views.

The next addition to national labor policy was the Fair Labor Standards Act fixing minimum wages and the standard workday. The minimum should be raised to 65 cents and increased to 75 cents in two years. Child labor should be prohibited on goods for interstate commerce.

These administrative labor agencies do not take over the functions of voluntary agencies but provide a new environment in which they act.

UNITED NATIONS ORGANIZATION

Closely following the end of the war in Europe was the San Francisco World Conference to determine the final form of the Charter of the United Nations. The American Federation of Labor had been preparing for service in this conference through the work of our Postwar Planning Committee and the recommendations of our Executive Council for amendments to the Charter.

The American Federation of Labor was denied direct representation in the San Francisco Conference but accorded opportunity to submit its proposals. We urged inclusion of a bill of rights assuring basic personal freedoms under the United Nations as essential to human progress, stability of government and peace between nations. We urged principles of equity between nations and acceptance of the Chapultepec Agreement for unity in the Western Hemisphere. We urged inclusion of the International Labor Organization with the changes in its Charter to adapt it to function under the United Nations Organization. We urged provisions for representation of great national functional groups so that our citizens would be kept informed on problems and able to

register their experience and judgment. Such representation would assure national support for United Nations Organization.

Although the Charter is not perfect, it makes agencies available through which the nations of the world can discuss international problems and work out ways of dealing with them. Orderly conference and adjustment are provided as alternatives to use of force. The American Federation of Labor strongly urges full participation in the United Nations Organization and acceptance of responsibilities under it.

The Food and Agriculture Organization is already in operation.

The first meeting of the General Assembly was held in London in January, 1946. This meeting elected the members to constitute the Security Council, the World Court and the Social and Economic Council.

Since the Potsdam Conference in which the heads of the three great powers participated, there have been two meetings of the Foreign Ministers of those countries in efforts to agree upon fundamentals of peace treaties ending war. The first meeting held in London in October ended in deadlock; the second held in Moscow in December resulted in an agreement which set up a Four Power Council in Japan to advise General MacArthur upon the application of policies, and a Far Eastern Commission to advise upon policies to be followed in Japan. The United States Government is to transmit such advice to General MacArthur who in case of a deadlock in either body shall follow his own judgment.

Korea (promised independence at Cairo) will have five years of trusteeship under USSR and USA.

Every step in international developments brings out in sharper distinction the chasm between the ideals of democracies and the purposes and procedures of the totalitarian state—socialist or communist. This situation has been balanced against the overshadowing danger inherent in our ability to release atomic power. We need world unity to secure protection against misuse of this power for military purposes. If this unity does not come by means of the United Nations Organization, then we must amend the charter to make possible the necessary cooperation. Since we hold it essential in a free democratic society that private organizations should work jointly with appropriate governmental agencies in promoting human welfare in specific fields, we believe private organizations should be represented at least in the specialized agencies of the United Nations Organization, such as those dealing with economic problems, trade, labor, education, etc. However representative, it must be controlled by the member states.

The vital problem on which the United Nations Organization must develop agreement is upon the standards which constitute democratic self-government. When there is agreement upon these principles then the United Nations Organization can function upon fundamental issues on a basis of majority rule without special privilege for the great powers.

Insofar as each and every individual has rights and opportunities which are inherent in the dignity of man, and the discipline to live in accord with ethical ideals, to that degree we shall approach unity between nations to promote peace with goodwill to all.

We believe all members of the United Nations Organization should have the same rights and the same responsibilities and that even-handed justice in accord with moral standards should characterize its work. The peace we

seek can come only with opportunities for justice for all. This in turn rests upon the individuals that constitute the various nations.

INTERNATIONAL LABOR RELATIONS

The American Federation of Labor has always been concerned for the progress of labor organizations in other countries and has taken part in international labor organizations. The labor movement of this country is cosmopolitan in composition and among our first union organizers were many who learned unionism in many foreign countries. We have exchanged fraternal delegates with the British Trades Union Congress since 1894. The American Federation of Labor was long a member of the International Secretariat—the first trade union international organization.

When the International Secretariat was reorganized after World War I as the International Federation of Trade Unions, a provision authorizing its officers to adopt plans and policies effective for member organizations, prevented our immediate affiliation. Fortunately we were able to join when it became obvious that there was developing a definite challenge to the free trade union movements as totalitarian governments gained control of the major countries of Continental Europe. Labor organizations of totalitarian countries were primarily agents of the government, having little in common with free trade unions, and consequently were not accepted into membership by the International Federation of Trade Unions. After the USSR was attacked by Germany, its alliance with Hitler ended, and it entered World War II against Germany but maintained friendly relations with Japan, the Russian labor organizations sought to form an international labor commission with British and United States Labor. Knowing from experience that communist leaders would utilize such an arrangement to promote their propaganda internationally and to mobilize party members in the United States, we declined the proposal. Communists cooperate only where they can dominate. The British Trades Union Congress accepted.

Efforts to organize a world labor organization in which communists, socialists and trade union organizations could equally participate, culminated in the establishment of a World Trade Union Congress in Paris in September, 1945, and the liquidation of the International Federation of Trade Unions. The chief administrative agencies of the organization are the General Council, the Executive Committee, the General Secretary, and Trade Departments.

The General Council, or the governing body, is made up of representatives (with alternates) of each affiliated member in accord with a membership formula. Regular annual meetings with extraordinary sessions as needed.

The Executive Committee consists of 26 members whose votes are divided as follows:

- 1 to the Secretary General
- 2 to the Assistant Secretaries General
- 3 I. F. T. U.
- 3 Russia
- 2 Great Britain
- 3 U. S. and Canada
- 2 France
- 2 Latin America
- 1 Near and Middle East
- 1 Italy
- 1 China

- 1 Pacific
- 1 Africa
- 1 Scandinavia
- 1 Eastern Europe
- 1 India

The chairman and four vice-chairmen elected by the Committee shall with the Secretary-General constitute the Bureau of Management of the World Trade Union Congress which shall be the governing body in the interim of the General Council meetings.

The Secretary-General is the principal administrative officer in charge of the staff and all executive work; he appoints the administrative secretaries in charge of departments.

The General Secretary elected at the Paris meeting was Louis Saillant (France).

The General Council shall establish trade departments for such industries as it may determine. Trade departments are autonomous within their sphere which comprehends such technical matters as wages, hours, working conditions, social legislation and other matters affecting workers in the trade. Each trade department shall call a trade conference for exchanging opinions and information and making decisions. It shall also elect its trade director.

The operations of trade departments may develop power of new scope.

This is the type of organization with which the American Federation of Labor could not cooperate without comprising the principles and methods of responsible operation which we have found important. Yet it is of vital importance that the trade union movements of the world cooperate to defend their rights and maintain their freedom of operation. Labor movements cannot advance their interests independently of the nations of which they are a part.

The obvious purpose of these events is to isolate the trade union centers which do not make a compromise with communists.

We repeatedly protested the illegality and the bad faith of the policies followed by the officials of the International Federation of Trade Unions and registered our protests. The Secretary of the British Trades Union Congress was president of the IPTU and led in efforts to liquidate the organization. The position of the American Federation of Labor with regard to the status of the IPTU and the refusal of the American Federation of Labor join in the new World Federation of Trade Unions was explained to the British Trades Union Congress by our fraternal delegates, Secretary-Treasurer George Meany and Vice-President William C. Doherty, who attended the Congress held in Blackpool, England, in September, 1945.

Through Labor's League for Human Rights we have given a helping hand to trade union leaders in resistance movements in Europe and to efforts to restore free trade unions in former Axis countries. Our major concern in the field of international relations is to provide a rallying center for those workers and unions devoted to a democratic way of life.

PREPAREDNESS FOR PEACE

The future of the world depends upon the capacity of nations to work together for mutual betterment and to curb individual desires for special privilege. There must be a common code of moral standards applied with

even-handed justice to the powerful as well as the weak. There must be prompt action against all aggression. Our purpose cannot be gained merely by building up world agencies with power to act. That might lead to despotism at the world level. Power is safe only when exercised with an understanding of responsibility for the rights and dignity of all human beings.

The effectiveness of the United Nations Organization will depend upon the support which each nation gives its delegates in the various agencies. That support will depend upon the relationship between the delegates and the various groups of citizens. It will be intelligent and effective if the delegate is representative of the groups directly concerned and files reports on his stewardship. It will be less effective if the delegate is selected by governmental officials.

We cannot put the full responsibility for maintaining peace upon international agencies. Each nation must constructively plan and work for peace and at the same time maintain its ability to defend its ideals. We in the United States should prepare our citizens for service—in peace if possible, in war if necessary. Our future citizens should have maximum opportunities to develop their physical, mental, social and spiritual capacities. To this end the family, the church, the community and the nation have responsibility.

We have acquired technical control over the material world that demands higher levels of morality in personal living and clear understanding of the rights of others. Preparedness for the maintenance of peace in order that civilized people may continue to live depends upon the speed with which we initiate programs to carry out these ideals at home and provide opportunities for exchange of representatives and information between functional groups in our nation and such groups in other countries. Such a program will strengthen and supplement the United Nations Organization.